SPEECH AT THE SINGAPORE FINTECH FESTIVAL: INCLUSIVE TECHNOLOGY FOR AN INCLUSIVE FUTURE
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Excellencies, ladies and gentlemen, it is a pleasure to be with you in Singapore, one of the leading global centers for financial innovation around the world.

I'm sure all of us here today would agree that financial services are the lifeblood of an economy. But I would like to make a case for their importance on an even wider scale—as a vital tool for addressing inequality and poverty, and building opportunity for all.

For almost ten years I have served as the UN Secretary-General's Special Advocate for Inclusive Finance for Development. In this role I have witnessed how access to financial services can change people's lives.

Formal savings, for example, have been associated with a 14% reduction in the chances of going hungry. Access to digital financial services allowed 10 percent of the poorest people in Kenya to pull themselves out of poverty.

So, these are truly inspiring statistics. But today, 40 percent of the world's adults—that means 2 billion people—are essentially locked outside of the global formal economy. Just imagine what your own life would be like without credit, a saving account, insurance, or payment solutions. You probably wouldn't be able to be here.

Increasingly, governments and leaders around the world, really recognize the importance of extending financial services to excluded people. But it also represents a tremendous business opportunity. And no business sector is better positioned to reach these 2 billion people than the fintech.

I have come all the way to Singapore to share three important messages with you.

- **The first one is that—fintech holds amazing opportunities for realizing global financial inclusion.**

During my visit to China in 2014, I met a young couple who had started a small men's fashion business in 2010 using Taobao, Alibaba's famous e-commerce marketplace. But their resources were just so limited that they couldn't afford a meal at a local restaurant. By the time we met, 4 years later, their company was employing 50 people and brought in $7 million a year. The key to their success lay with fintech—specifically with Ant Financial services, which kicked off their growth by providing them with an initial $700 loan, and then larger ones, based on an analysis of the data from their sales on Taobao. Today, Ant Financial services has provided more than $120 billion of non-guaranteed, unsecured loans to over 5 million micro-, small, and medium-sized enterprises (MSMEs) over the past five years.

But today around half of the MSMEs in developing and emerging countries do not get the financing they need. This is particularly important because they are the main engines of job creation in emerging markets, accounting for four out of every five new positions. So we need to have many more stories like the one I saw in China, not only in emerging markets, but also in developed markets.

The link between financial inclusion and technology is, of course, not new. I imagine you have all heard of Smart Money, the first mobile money product launched 15 years ago in the Philippines. And M-Pesa, introduced a decade ago in Kenya and now serving more than 20 million people. These products started the whole mobile money revolution, in less developed countries, allowing them to leap frog and serve many excluded people. In Tanzania, seven times more people have mobile money accounts than traditional bank accounts. This is what we mean when we talk about leapfrogging—large populations bypassing traditional 'brick and mortar' financial services and going straight to the most modern tools technology has to offer.
Around the globe, thousands of fintech firms, large and small, are now building cheaper, faster, and more accessible financial services. Innovation is happening quickly in all the traditional financial products—payments, remittances, savings, credit, wealth management, and insurance. I think these cutting-edge fintech ideas are our best opportunity to serve the financially excluded.

Fintech holds particular promise to address one of the most intractable problems we are seeing nowadays, and that is very low usage. Right now, 69 percent of mobile money accounts globally are simply not being used. They have them, they just don't use them.

So financial access is fine as a first step, but without active usage we will have zero impact on people's ability to improve their lives. One of the key solutions here is customer-centricity. Therefore, better understanding customers' wants, needs, and experiences so that we can provide them with genuinely useful services. And here, of course, big data can provide the insights we need to better design services, and user-friendly apps that can bring the convenience these customers need.

My second message is that there are serious risks associated with fintech that we have to address.

Let us not forget that technology can be a double-edged sword. Problems with data privacy, cybersecurity, fraud, and discriminatory lending using big data can undermine consumer trust and harm clients, particularly the poor and those with limited digital or financial skills. Last year, for example, a malware hack on one Indian bank's ATM network captured the debit card numbers and PINs of 3.2 million customers. In the US, Hudson City Savings Bank was recently fined $33 million for using zip code data to redline borrowers. In China, the Ezubao pyramid scheme resulted in losses for 900,000 investors. Of course, the nature of these risks is quite diverse, but it does include lack of transparency, loss of data, identity theft, pyramid schemes, and more. And all of these should be addressed.

We should also recognize the danger of leaving people behind. If the technology gap widens between the rich and the poor, men and women, the urban and the rural—so, too, does the gap in opportunity and equality. I am seeing today signs that this is exactly what is happening, especially, in terms of gender. So this is something we really need to look into.

But how do we ensure that these problems do not affect the reputation of the entire field? We need to build a foundation for a responsible fintech that is accessible for everyone.

To address this, I want to emphasize the value of close collaboration between governments and the private sector. Regulatory approaches and business practices need to be framed so that they support innovation while fully protecting customers and the financial system. This requires, of course, working together. The emergence of regulatory sandboxes is one example. Today, more than 30 regulatory sandboxes have been launched since 2015, with the aim of providing a safe home for new ideas to be tested, while regulators learn how to adjust their regulatory and supervisory frameworks.

I hope that sandboxes may allow innovation in digital financial services. But it is still too early to say how effective these will be. In the meantime, we need to continue to develop a toolbox of approaches to good regulatory and business practices, including improved data collection to better understand risks based on common, agreed-on definitions of fintech activities. New guidelines on specific topics such as data privacy or cloud computing could be needed in the future. And as we collect global experience, a more comprehensive regulatory approach to good fintech practices as well as industry codes of conduct could emerge.

My third and last message is that if we want fintech to promote financial inclusion, we need to build the right infrastructure.

Last May a number of leading regulators and fintech firms from around the world joined me and the governor of the Dutch Central Bank for a day-long discussion of what policies and infrastructure should be needed for fintech to thrive and to be really inclusive. We identified nine key prerequisites. Some of these I have already touched on—data privacy, cyber security, and digital and financial literacy.
The rest are equally important, including digital IDs, connectivity, interoperability, fair competition, and physical infrastructure. Without these in place, it will be very hard for any of you to develop rapidly and sustainably. For this, we need to foster collaboration between government and the private sector to build these pre-requisites. I am happy to note that some of you are already doing so.

In closing, I would like to call on each of you to consider the impact that you can have on financial inclusion. Fintech is uniquely positioned to create transformative opportunities for millions of people. Fintech innovations can make it possible for those who have no bank account of any sort to safely leapfrog into a digital set of services that fully match their needs and that reduce the risks they face in their financial lives. These millions of people represent a valuable opportunity for all of you. At the same time, you can bring a valuable opportunity for them. I can hardly wait to see what brilliant innovations you co-create to make inclusive and responsible fintech take off for everyone.

Click [here](#) to watch a video of the UNSGSA’s speech.